

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN
AUTHORIZATION**

APPLICANT'S REQUEST:

Marble Hills Water Company is requesting financial assistance in the amount of \$28,167 for replacing a well pump that was damaged due to a lightning strike. We have determined this to be an emergency project.

STAFF COMMENTS:

In April, lightning struck their well which caused them to replace the well pump and motor. The new pump was installed with the new motor and it is their intention to rebuild the old pump and motor for a backup in the event of a future disaster. The funds requested for this project will be used to reimburse them for the expense of replacing the well pump and motor and provide funds to replace the old equipment.

The local MAGI for the zip code served by Marble Hills Water Company is \$41,836, which is 90% of the State MAGI. They are located 10 miles west of Tremonton, in Thatcher. They have experienced a high rate of unemployment in the area and many are on State assistance. They feel that the MAGI reported for their zip code does not accurately reflect the financial hardship of the community. Based on their most recent financial statement, their water bill was approximately \$14 per month, which is .46% of local MAGI. However, they have recently increased their water rates and the base rate is now \$29 with \$1.15 per 1,000 gallons over 15,000 gallons. A full loan at 2.98% interest for 20 years requires an increase in their water bill to approximately \$58 per connection, which is 1.67% of the local MAGI.

Due to the emergency nature of the project, high cost of bonding and low cost of the project, we recommend that the Board consider offering Marble Hills Water Company a grant for the full amount.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a loan of \$28,167 with \$28,167 in principal forgiveness to Marble Hills Water Company.

APPLICANT'S LOCATION:

Marble Hills Water Company is located in Box Elder County in Thatcher, Utah.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

In April, lightning struck their well which caused them to replace the well pump and motor. The new pump was installed with the new motor and it is their intention to rebuild the old pump and motor for a backup in the event of a future disaster. The funds requested for this project will be used to reimburse them for the expense of replacing the well pump and motor and provide funds to replace the old equipment.

POPULATION GROWTH:

According to the Utah State Governor's Office of Planning and Budgeting, the anticipated growth rate for Box Elder County is approximately 1.8% per year over the next 40 years

	<u>Year</u>	<u>Population</u>
Current:	2014	257
Projected:	2050	423

IMPLEMENTATION SCHEDULE:

Apply to DWB for Construction Funds:	June 2014
SRF Committee Conference Call:	June 2014
DWB Funding Authorization:	July 2014

COST ESTIMATE:

Construction	\$28,170
Total Project Cost	\$28,170

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Grant	\$28,167	100%
Total Amount	\$28,167	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance plus Depreciation: \$27,888
Existing DW Debt Service: \$19,375
Replacement Reserve Account: \$2,169.40
Annual Cost/ERC: \$668.01
Monthly Cost/ERC: \$55.67
Cost as % MAGI: 1.60%

Marble Hills Water Company

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APPLICANT:

Marble Hills Water Company

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